



BENEFIT DURATION FORMULA

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Benefit Duration

- Benefit Duration was addressed in the previous interim
- Formula was not working effectively, so a temporary solution was included in HB 1069
- Review of the purpose of Benefit Duration formula and approaches in other states

Benefit Duration

- Duration provisions vary greatly among the states
- All but 7 states have a variable duration.
- Variable duration means that claimants qualify for a range of weeks.
- Prior to HB 4, NC duration range was 13-26
- Currently, the range varies depending on the unemployment rate. The current range is 7-14 weeks.

Benefit Duration – How it Works

- Sliding Scale determines the maximum number of weeks.
- The Duration Formula determines whether you qualify for the maximum or a smaller number of weeks in the range.
- Claimant receives the lesser of
 - Sliding Scale Maximum
 - Duration Formula Result

Sliding Scale Benefit Duration

Seasonal Adjusted

Unemployment Rate

Number of Weeks

- Less than or equal to 5.5% 5 -12
- Greater than 5.5% up to 6% 6 -13
- **Greater than 6% up to 6.5% 7 -14**
- Greater than 6.5% up to 7% 8 -15
- Greater than 7% up to 7.5% 9 -16
- Greater than 7.5% up to 8% 10 -17
- Greater than 8% up to 8.5% 11 -18
- Greater than 8.5% up to 9% 12 -19
- Greater than 9% 13 - 20

Formula Limitation

- Current range is 7-14 weeks. Claimant earns 14 weeks, or the number of weeks resulting from the formula, whichever is less.
- Current formula for maximum benefit:
$$\text{Base Period Wages} / \text{Average of 2 most recent quarter wages} * 8.67$$
- Formula does not result in weeks less than 17.
- Since July 2014, the maximum duration has been 14 weeks.
- Since the formula does not result in less than 17 weeks, all claimants are eligible for the maximum 14 weeks.

Purpose of Variable Duration

- Rewards “Attachment to Workforce”
- Claimants with similar base period wages may be eligible for different durations depending on whether wages are concentrated in one or two quarters or spread evenly throughout the year.
- Claimants with even distribution of wages receive greater duration.

Example #1

- Claimant earned \$20,000 evenly throughout the Base Period
- $\$20,000 / \$5,000 * 8.67 = 35$ weeks
- 35 weeks exceeds the current maximum of 14 weeks, so the claimant is eligible for 14 weeks.

Example #2

- Claimant earned \$20,000 mostly in the 2 most recent quarters.
- $\$20,000 / \$10,000 * 8.67 = 17$ weeks
- 17 weeks exceeds the current maximum of 14 weeks, so the claimant is eligible for 14 weeks.

Proposed Simplification in HI 069

Seasonal Adjusted Unemployment Rate

Number of Weeks

- Less than or equal to 5.5% 12
- Greater than 5.5% up to 6% 13
- **Greater than 6% up to 6.5% 14**
- Greater than 6.5% up to 7% 15
- Greater than 7% up to 7.5% 16
- Greater than 7.5% up to 8% 17
- Greater than 8% up to 8.5% 18
- Greater than 8.5% up to 9% 19
- Greater than 9% 20

Most Common Duration Formulas

Duration Formula	Number of States
Uniform Duration	7
1/3 Base Period Wages	15
1/4 Base Period Wages	3 (Florida, Georgia and Tenn.)
1/4 – 1/3	5
Greater than 1/3	3

- Percentage of base period wages is by far the most common type of formula (26 states).
- Formula duration is generally stated as a certain number of weeks or __% of base period wages, whichever is less.
- Need to keep formula simple to allow for smooth implementation for DES.

Duration Formula Example

Qtr 1	Qtr 2	Qtr 3	Qtr 4	%HQW	BPW/HQW*6.5
5,000	5,000	5,000	5,000	25%	26.0
4,667	4,667	4,667	6,000	30%	21.7
4,333	4,333	4,333	7,000	35%	18.6
4,000	4,000	4,000	8,000	40%	16.3
3,667	3,667	3,667	9,000	45%	14.4
3,333	3,333	3,333	10,000	50%	13.0
3,000	3,000	3,000	11,000	55%	11.8
2,667	2,667	2,667	12,000	60%	10.8
2,333	2,333	2,333	13,000	65%	10.0
2,000	2,000	2,000	14,000	70%	9.3
1,667	1,667	1,667	15,000	75%	8.7
1,333	1,333	1,333	16,000	80%	8.1
1,000	1,000	1,000	17,000	85%	7.6
667	667	667	18,000	90%	7.2
333	333	333	19,000	95%	6.8
-	-	-	20,000	100%	6.5